

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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CHAIRMAN 2005
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HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
ANDY BIGGS
JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

**MINUTES OF THE MEETING
JOINT COMMITTEE ON CAPITAL REVIEW**

Thursday, June 15, 2006

The Chairman called the meeting to order at 9:35 a.m., Thursday, June 15, 2006 in House Hearing Room 4 and attendance was as follows:

Members:	Senator Burns, Vice-Chairman	Representative Boone, Chairman
	Senator Bee	Representative Biggs
	Senator Cannell	Representative Brown
	Senator Gould	Representative Pearce
	Senator Johnson	Representative Tully
Absent:	Senator Aboud	Representative A. Aguirre
	Senator L. Aguirre	Representative Lopes

Senator Burns moved the Committee approve the minutes of May 9, 2006, as presented. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION – Consider Approval of Transfer of Funds and Review of Asphalt Storage Tanks Project.

Mr. Bob Hull, JLBC Staff, presented the approval of transfer of funds and review of Asphalt Storage Tanks Project for the Department of Transportation (ADOT). ADOT has a remaining balance of \$11,600 in FY 2006 for the oil storage tanks and asphalt storage tanks which the department requests be transferred to the FY 2007 project. There is an existing contract for \$418,000 for 2 asphalt storage tanks and locations. The Capital Outlay Bill includes a proposed appropriation of approximately \$1.6 million in FY 2007 for asphalt storage tanks. The department would use \$406,400 of the FY 2007 appropriation, plus the FY 2006 transfer for the project. ADOT is requesting review now in order to take advantage of the existing bid as soon as possible.

There was no discussion on this item.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff to approve the transfer of \$11,600 from the Laws 2005, Chapter 298, capital appropriation for oil storage tanks to the proposed FY 2007 asphalt storage tank project and give a favorable review of \$406,400 for the FY 2007 project to install 2 asphalt storage tanks, concrete containment basins and dispose of existing tanks with 2 conditions:

1. Enactment of the FY 2007 Capital Outlay Bill, and
2. Prior to expenditure of any of the remaining balance of \$1,181,200 in the proposed FY 2007 appropriation for asphalt storage tanks, the Committee shall review the department's request for additional spending.

The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION – Review of FY 2007 Construction Budget Operating Expenditure Plan.

Mr. Bob Hull, JLBC Staff, presented the ADOT FY 2007 Construction Budget Operating Expenditure Plan for Professional and Outside Services. The request is being reviewed before the FY 2007 Capital Outlay Bill is enacted since the bill requires Committee review by July 1, 2006 before the expenditure of any money for Professional and Outside Services.

There was no discussion on this item.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff of up to \$17.3 million for the first 2 months of the Arizona Department of Transportation (ADOT) total \$103.6 million Professional and Outside Services expenditure plan for FY 2007, with the following provisions:

- *Before the expenditure of any monies beyond the \$17.3 million for the first 2 months in FY 2007, ADOT shall submit a complete highway construction budget expenditure plan for Professional & Outside Services. To the extent possible, the department's report is to include an estimate of consulting services from the Statewide Transportation Acceleration Needs Account.*
- *ADOT's report shall include the traffic congestion performance measures for the Phoenix area, Tucson area and the balance of the state, which the Committee adopted last year and asked that ADOT report on as part of this year's Committee review.*

The motion carried.

SCHOOL FACILITIES BOARD – Review of FY 2007 New School Construction Report.

Ms. Leatta McLaughlin, JLBC Staff, presented the review of the School Facilities Board (SFB) FY 2007 New School Construction Report. She recapped the October 26, 2005 meeting where action on this item was deferred until SFB could complete its new school construction approval process in the current fiscal year, which was completed in May. SFB expects enrollment to grow at a higher rate in FY 2007 and FY 2006 than in FY 2005. They will oversee 75 projects in FY 2007, of which 30 are continuing projects from a previous year with construction ending in FY 2007, and 45 projects beginning in FY 2007. In October 2005, SFB estimated spending \$308 million on new school construction in FY 2007 but now estimates the spending to be \$360.7 million. She referred to tables in JLBC recommendation memo showing how the \$360.7 million will be spent and financed and also a list of the number of district construction projects.

Chairman Tom Boone asked if all the projects from all the school districts for new school construction have been reviewed and if this is the final recommendation.

Ms. McLaughlin replied that this is the final recommendation and they were all approved by the board as of May 4.

Representative Boone asked if this would necessitate any additional cash financing needs.

Ms. McLaughlin said SFB has expressed that the \$250 million appropriated for FY 2007 is all they would need.

Representative Andy Biggs noticed that Gilbert Unified School District is not on the project list and asked if a report was submitted or if they are not getting new projects.

Ms. McLaughlin said if they are not on the list then they were not approved for projects.

Ms. Monica Petersen, Deputy Director of Finance, School Facilities Board, said Gilbert did submit a plan, however, there are no 2007 construction awards.

Senator Ron Gould asked if the \$17.2 million from lease-purchase proceeds are from a prior year.

Ms. Petersen replied that it is from the balance of the 2003 lease-purchase proceeds.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff to the School Facilities Board demographic assumptions, proposed construction schedule, and new school construction cost estimates for FY 2007.

The motion carried.

DEPARTMENT OF JUVENILE CORRECTIONS – Review of Suicide Prevention Renovations.

Ms. Kimberly Cordes-Sween, JLBC Staff, presented the Department of Juvenile Corrections (DJC) review of suicide renovations project. The FY 2007 proposed budget includes a \$495,000 appropriation for suicide renovations as related to a federal audit. The department is requesting to use \$489,000 for construction. The total project cost is \$533,000 with the remaining funding being paid out of the department's operating budget. Suicide renovations projects include replacing furniture, shower fixtures, vents and door hinges in 3 Adobe Mountain School housing units to eliminate all suicide anchor points. A portion of the funding will also bring DJC facilities to fire code compliance.

Senator Robert Cannell asked if there have been any suicide incidents.

Mr. Michael Branham, Director, Arizona Department of Juvenile Corrections, replied that there have been a couple of attempts, but with the changes in operational procedures and the elimination of the anchor points, no deaths or serious injuries have occurred.

Senator Burns asked if there are additional Civil Rights of Institutionalized Persons Act (CRIPA) requirements that need to be addressed.

Mr. Branham replied this is the end of the suicide renovations as the last of the 3 phases. Currently the department of working through things to get into substantial compliance, and at this time the consultant has not identified anything further.

Senator Burns asked if there could possibly be any further requirements.

Mr. Branham replied they are working hard to make sure there will not be a need for additional CRIPA money.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff to the proposal to use \$489,000 of the Department of Juvenile Corrections (DJC) proposed FY 2007 budget for suicide prevention modifications of secure care facilities contingent on enactment of the FY 2007 DJC budget.

The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION – Consider Approval of Rent Exemption for the Arizona Department of Real Estate.

Mr. Tyler Palmer, JLBC Staff, presented the Arizona Department of Administration (ADOA) rent exemption for the Arizona Department of Real Estate (ADRE). A.R.S. § 41-792.01 authorizes the director of ADOA to grant a rent exemption on recommendation from the Committee. ADRE has vacated 500 square feet of space in the Tucson office building which will save ADRE approximately \$10,000 in rent money. ADRE has proposed using this money to reorganize the office to accommodate staff and purchase computer equipment. The Arizona Department of Liquor Licenses and Control will occupy the vacated office space and projects that its FY 2007 budget is sufficient to cover the \$10,000.

Senator Burns moved the Committee approve as recommended by JLBC Staff a partial rent exemption of \$10,000 of FY 2007 rent charges for the Arizona Department of Real Estate.

The motion carried.

Without objection the Committee meeting adjourned at 9:50 a.m.

Respectfully submitted:

Yvette Medina, Secretary

Lorenzo Martinez, Assistant Director

Representative Tom Boone, Chairman

NOTE: A full tape recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams.